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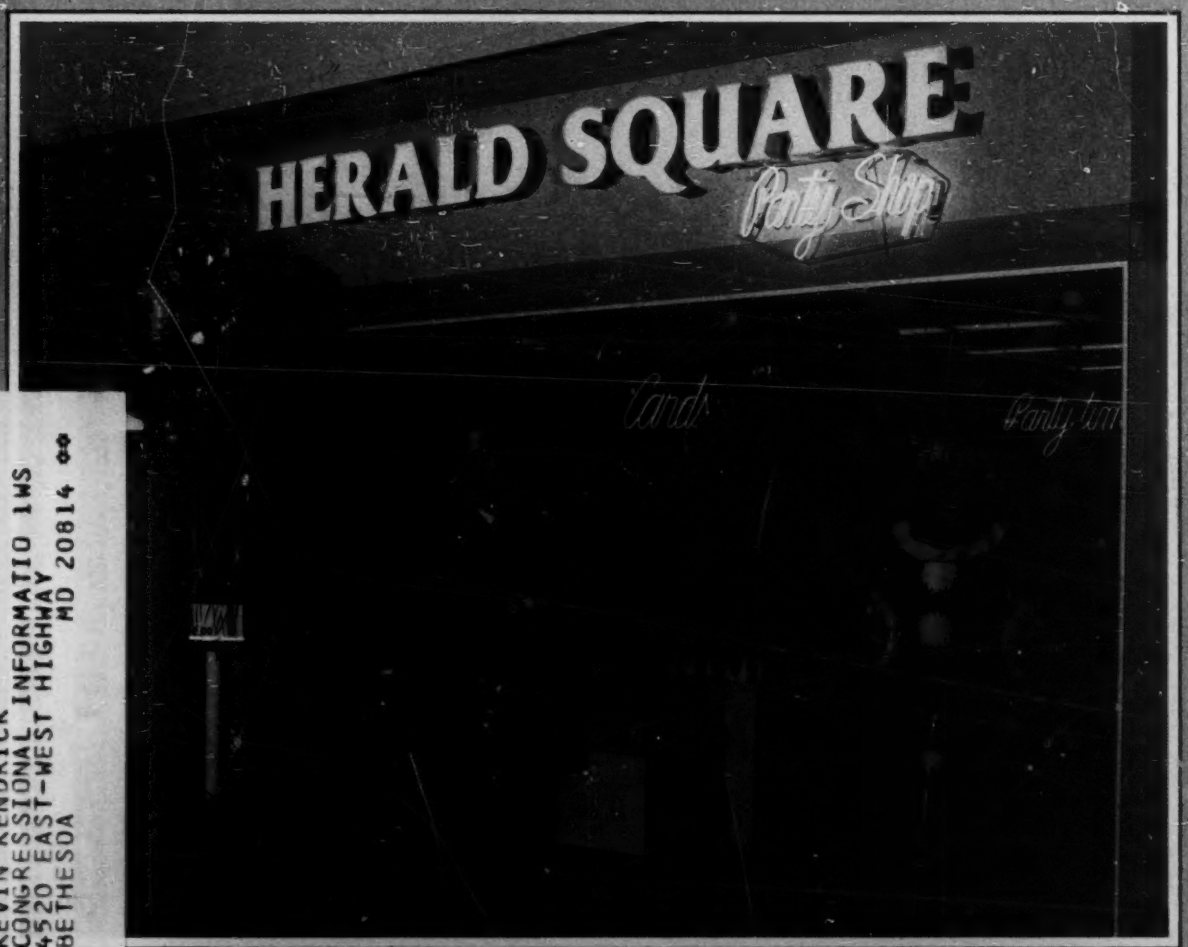
The truth about blank video tapes
State of the industry: Top 100 Chains

Chain Store Age

GENERAL MERCHANDISE TRENDS JUNE 1987

F.W. WOOLWORTH
Growth Through Diversification



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Harold E. Sells, Chairman/CEO

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ValueTelevision bombs in ratings

A star-studded TV program that was meant to introduce teleshopping to mainstream noncable television has landed near the bottom of the ratings.

"ValueTelevision," which airs weekdays on VHF stations (Channels 2-13) in about three-fifths of the nation, has been ranked by Nielsen Media Research as 333rd out of 420 syndicated programs. It earned a rating of 1 and a share of 5%.

The rating means that it has an average viewership of 532,770 households, or 1% of those whom it reaches. Share signifies its market share in comparison with other programs watched in the same time slot.

Hosted in its first season by Alex Trebek (of "Jeopardy" fame) and actress Meredith MacRae, the upscale shopping show is a blend of celebrity interviews and sales pitches. It is staged on a set that broke records for construction costs.

But its ratings put it in close company with more modest syndicated fare, such as reruns of "Petticoat Junction" and "Baretta."

Alex Trebek will be deserting the program to moderate a new game show. Exercise guru Richard Simmons will take his place.

A joint venture of Fox Television, Lorimar-Telepictures and Horn & Hardart, "ValueTelevision" is seen on the seven Fox stations in major U.S. markets, usually during the daytime, and was offered to network affiliates and independents.

Lorimar-Telepictures, which produces and distributes the show, told *Chain Store Age* in December that the goal was to penetrate 85% of the country.

But an unenthusiastic reception by non-Fox stations gave it only 61% coverage. And at least one station that had high hopes for the program has already bailed out.

KOIN, a CBS affiliate in Portland, Ore., had high hopes for "ValueTelevision" ratings. The station also looked forward to its 5% share of the teleshopping vehicle's sales (see *CSA*, January 1987).

But the Portland station cancelled the show three weeks ago.

Sources at Lorimar-Telepictures say the format is being revamped to increase its appeal.

"ValueTelevision" was the first attempt to present a broadcast-quality shopping format over widely available TV channels. Its stumble is bound to be noted by the major networks, all of whom were rumored to be considering their own shopping shows at the time it debuted.

Chicago next site for Ward superstore

Montgomery Ward is getting ready to take on its home market of Chicago. The former catalog chain, which now prefers to be called a specialty merchant, has picked the Windy City as the next market to get one of its new electronics/major appliance superstores. Ward opened its first stand-alone superstore in Oceanside, Calif., in March.

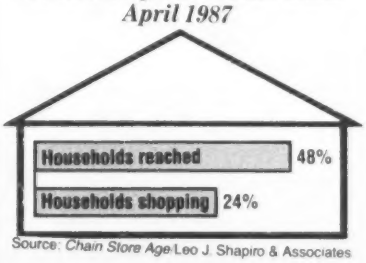
The future site on Golf Road in suburban Chicago was picked up by Ward when Highland Superstores dropped out of a real estate negotiation. Montgomery Ward president/ceo Bernard Brennan announced the new store site at a meeting of Ward vendors in late April. Brennan met with manufacturers the day before the opening of Ward's latest four specialty stores-under-one-roof Chicago unit on Addison Street.

Nor will the proposed Golf Road site be the last Montgomery Ward stand-alone superstore for Chicago, according to John Bevan, vp electronics/appliances. Though not revealing exact numbers, Bevan says that Chicago will be the next market to get Ward's full specialty look, including an unspecified number of stand-alone electronics/appliance superstores.

The current major players in the Chicago electronics and major appliance market include Highland Superstores and Fretters, both Michigan-based, home grown Polk Brothers and cross-town rival Sears.

Warehouse clubs score at retail

Membership warehouse clubs
April 1987



Source: *Chain Store Age*/Leo J. Shapiro & Associates

Membership warehouse club operations, currently about 210 units strong, are reaching almost half of the nation.

What's more, 1 in 4 U. S. households has shopped warehouse clubs, 12% of them within the past month.

These statistics highlight a *Chain Store Age*/Leo J. Shapiro & Associates market study of 450 households that points up the dynamic retail force warehouse clubs have become in recent years. It underscores the fact that these relatively few outlets now not only reaching half of the nation's households—48% say there are warehouse clubs in their area—but have also attracted at least trial shopping from one-fourth of them.

The study also shows the mean expenditure is $82, the median is $50. Geographically, the study reflects the clubs' concentration in the Sunbelt and metro areas.

From responses, Sam's has moved ahead of Price Club as top chain, with 16% of the households shopping there most recently, compared to Sam's 12%. Other clubs have 6% share or less.

NEW FORMATS HELP TOP RETAILERS

SUCCEED

1986 saw firms turn to specialization, diversification and new merchandising directions for growth. The strategy paid off in healthy sales gains for many stores.

The face of retailing is changing. No longer can retailers be typecast by type and store format. Instead, almost without exception the leading companies in the general merchandise retail field have become a collective force of diversification and entrepreneurship as they reach out to new retail formats and aspire to clone successful departments in their "mother" stores into separate retail entities.

Perhaps the most accomplished practitioner of this new retail vitality is the F. W. Woolworth Co. Just over four years ago at the death of its chairman/ceo, Edward F. Gibbons, many retail observers forecast that Woolworth was mortally wounded and would follow its leader to the grave. Now, with a return on average equity of 15.8%, Woolworth has transformed itself into a consumer driven marketing dynamo, slicing out portions of the consumer pie in apparel, accessories, footwear, stationery, and home furnishings.

Woolworth chairman/ceo Harold E. Sells at Herald Square.

The Woolworth example is not unique. A look at the Top 15 retailers shows that nearly half of them have expanded beyond their basic operations of five years ago and that another five have dramatically altered their corporate makeup within the last year.

Just as Woolworth has embraced the specialty store concept, Montgomery Ward has reconfigured itself into a series of specialty shops. The result has been Lazarus-like, Lazarus as in "risen from the dead", not as in F. R. Lazarus, the Columbus, Ohio-based department store that Federated has merged with Shillito Rikes.

Ward posted the highest earnings in its history, an accomplishment that grew out of its closing of its catalog business, its departure from many of its core businesses including hardware, and its determination to match specialty stores in assortments and quality in the lines where it has chosen to remain competitive.

Television home shopping has caught the interest of at least four retailers. Sears, Roebuck, & Co., K mart, J. C. Penney and Dayton Hudson have all taken to the airwaves in their attempts to not only gain a foothold in the nascent retail concept but also to learn more about its growth potential. Equity stakes have been taken by K mart and Penney, while Sears continues to not only provide product to the QVC Network but also to explore videotex potential with IBM.

Moreover, Sears and Penney have made moves to expand their specialty store interests. Penney, which two years ago bought a 20% interest in Alcott & Andrews, a women's career apparel chain, has acquired a 20% equity in Beeba's Creations, Inc., a junior sportswear supplier. Penney plans to work with Beeba in forming junior sporstwear specialty shops inside some 100 Penney stores in early 1988. Also on the drawing board are freestanding stores.

While specialty stores have grown up around it and taken away considerable chunks of its market share, Sears has been slow to join the specialty store fray. True, it does have business center stores engaged in computer sales. And it also has 32 paint and hardware stores with plans to open 57 more this year.

But these chains have been no more weighty than a fly on an elephant. And Sears recently announced it will close 41 of the 102 business centers as it concentrates

Top 15 retailers convert higher sales into bigger profit gains

Company	1985 Volume (000 omitted)	1986 Volume (000 omitted)	% Sales gain	1985 Earnings (000 omitted)	1986 Earnings (000 omitted)	% Earnings change	Earnings as % of sales
1. Sears, Roebuck	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2. K mart[1]	22,035,000	23,812,000	+ 8.1	472,000	570,000	+ 20.8	2.4
3. J.C. Penney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4. Wal-Mart	8,451,489	11,909,876	+40.5	327,473	456,906	+ 37.4	3.8
5. May Dept. Stores	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6. Dayton Hudson[1,3]	8,255,300	9,258,100	+12.2	286,500	260,000	- 9.1	2.8
7. Federated	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8. F.W. Woolworth	5,968,630	6,501,000	+ 9.1	177,000	214,000	+ 20.9	3.3
9. Zayre Corp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10. Melville	4,774,960	5,262,364	+10.2	210,812	238,332	+ 13.1	4.5
11. R.H. Macy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12. Allied Stores[3]	4,135,000	4,434,500	+ 7.2	159,275	141,000	- 11.5	3.2
13. Montgomery Ward	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14. Carter Hawley Hale[3]	3,977,913	4,089,794	+ 2.8	48,025	47,915	- 0.9	1.2
15. The Limited	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals and averages	131,642,990	143,405,874	+ 8.9	4,266,449	4,827,387	+ 13.1	3.4

[illegible] operations only. [illegible] merchandise sales and operating earnings only. [illegible] before extraordinary items.

on using outside salesmen to generate volume rather than walk-in traffic. Last year the business centers reportedly failed to make a profit on estimated sales of $250 million.

Market watchers are waiting to see the impact Alfred Goldstein will have on the $27 billion retail giant. Goldstein, a former Sears executive who mastered the specialty store business while working for American Can (now Primerica), came back to Sears earlier this year with the responsibility for juicing up Sears' participation in the specialty store bonanza.

It would take several acquisitions or startups to make an impact on Sears' balance sheet. Goldstein's return indicates that the Chicago-based retailer has, at least in theory, committed itself to specialty store growth.

K mart went through expansion pangs earlier in this decade, what with its start up and/or acquisition of Furr's and Bishop's Cafeterias, Designer Depot, Garment Rack, Abra K Dabra pizza parlors, Builders Square, Bargain Harolds, Waldenbooks and Payless Northwest Drug Stores.

K mart failed on the first five to find synergy and acceptable profitability. But on the last four it has more hopes of shifting some of the burden of profitability off of the shoulders of the discount stores.

Perhaps no company has been as successful as Woolworth in redirecting its sales and profits away from its core business. Back in 1982, 74% of the retailer's sales came from its core general merchandise variety store business. Last year that slipped to 66%.

Retailers shift sales and profit emphasis away from core

Company (core business)	Core business % of total sales		Core business % of total operating income	
	[illegible]	[illegible]	[illegible]	[illegible]
Carter Hawley Hale (department stores)	80	79	86	87
Dayton Hudson (department stores)	26	17	27	25
Federated (department stores)	75	66	0	0
K mart (discount stores)	97	88	99	97
R. H. Macy (department stores)	100	100	100	100
May (department stores)	72	63	75	64
Sears (general merchandise)	100	96	100	100
Wal-Mart (discount stores)	100	86	100	93
F.W. Woolworth (variety stores)	74	66	51	46
Zayre (discount stores)	76	57	54	56

More importantly, Woolworth's specialty stores increased their contribution to operating profits from 39% to 52% during that time period.

"In the last four to five years we have changed the complexion of our business quite noticeably," says Harold E. Sells, Woolworth's chairman/ceo. "The ultimate objective is to radically change the company from how it was constituted five years ago."

Woolworth has accomplished this objective through acquisitions and internal startups. Most interesting are the startups because they rely on the more than 100 years of expertise Woolworth has gained in general merchandise retailing.

With a surgeon's precision, the merchants in the Cathedral of Commerce in New York have carved out

niche specialty stores from the multitude of departments found in a traditional variety store. Their scalpels have sliced out stores dedicated to stationery, jewelry and accessories, framing, and cosmetics.

Herald Square is a stationery store that is in its embryonic stage. Part Staples-part Arcadia when it first opened last year, the three-store test is undergoing some further tinkering. Woolworth is giving it a decidedly more Arcadia look as it stocks up on more party goods and unique gift merchandise and downplays traditional stationery items.

Sells hopes that Herald Square will take off as Afterthoughts has. Begun just two years ago, Afterthoughts had 129 stores at the close of the last fiscal year. Woolworth plans to almost double that number in the U. S. and Canada by the end of this year.

Afterthoughts, which sells fashion costume jewelry and accessories in 800 square feet, is typical of the way Woolworth has attacked growth from within. Many of its locations have come from excess space in Woolworth stores in major malls. Like variety stores which require heavy traffic for sales and profits, Afterthoughts relies on these prime area locations that encourage browsing and impulse buying of its more than 5,000 pairs of earrings and rings, necklaces, bracelets, handbags and accessories.

Recycling space is nothing new to Woolworth. In the last four years it has converted selling space in 346 stores to new formats. During that same time period Woolworth added 17 new formats, bringing its specialty store stable to 30 formats.

With 4,614 specialty stores as of Jan. 31, 1987, Woolworth was the largest operator of diversified specialty stores in the world. It opened 666 specialty units last year and expects to open the doors on a comparable number this year.

Specialty stores have proven their worth at the New York-based retailer. Between 1982-86, specialty store units grew by 38%, their sales increased by 61% and their operating profits zoomed ahead by 140%. In 1991, according to Sells, specialty stores could account for 46% of sales and almost two-thirds of operating income.

While Woolworth has been transforming itself into a specialty store powerhouse, other members of the Top 15 retailer group have been busy, too. Both Wal-Mart and May Dept. Stores barreled ahead in the Top 15 standings. In 1982 Wal-Mart was ranked ninth. Today it is fourth and closing fast on J. C. Penney.

Almost all of Wal-Mart's growth

Dayton Hudson and Dillard's in vanguard of department store surge

Company	% change sales	% change op. inc.	Op. inc. % sales	Avg. sales per store	Sales per gross sq. ft.	Op. inc. per gross sq. ft.	% Op. inc. ROA	% Change compound sales '82-'86	% Change compound op. inc/ '82-'86
Carter Hawley Hale	+ 2.7	+18.7	5.7	$23,224,000	$168	$ 7.35	13.4	+10.2	+ 1.1
Dayton Hudson[1]	+ 7.5	+36.1	10.6	42,332,432	200	21.13	22.4	+ 3.8	+ 9.7
Dillard's	+15.6	+18.1	10.8	12,142,000	107	10.49	18.1	+27.3	+28.6
Federated[1]	+ 4.3	+ 1.1	9.0	31,557,919	150	14.07	14.7	+ 6.5	+ 6.2
R.H. Macy	+ 6.6	+ 7.0	10.5	24,131,000	139	13.38	20.7	+10.6	+10.4
May Co.[1]	+ 6.1	+ 5.5	9.1	22,166,729	131	12.03	15.4	+ 7.4	+ 8.8
Marcor/Mont.	+ 7.9	+11.2	10.8	28,208,531	138	14.89	22.5	+ 8.3	+11.6
Composite	+ 6.3	+ 8.2	9.3	27,664,992	152	14.10	18.4	+ 9.8	+ 9.4

[1]Department stores only

Banner year for Penney and Ward highlights Big 3 performance

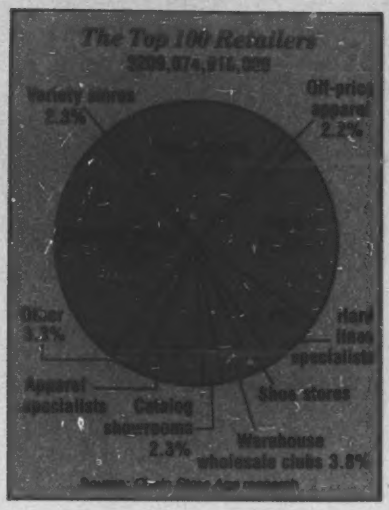
Company	% Change Sales	% Change Op. Inc.	Op. Inc. % Sales	Avg. Sales Per Store	Sales Per Gross Sq. Ft.	Op. Inc. Per Gross Sq. Ft.	% Op. Inc. ROA	% Change compound Sales '82-'86	% Change compound Op. Inc./ '82-'86
J. C. Penney	+ 7.2	+21.1	8.9	$12,288,000[2]	204[2]	$18.48	21.4	+ 8.6	+ 7.7
Sears[1]	+ 2.5	+16.4	3.8	19,738,318[2]	139	7.33	10.2	+4.1	+ 0.1
Ward	– 10.7	– 5.0	6.6	10,561,000	112	6.69	11.3	– 0.9	+21.7
Composite	+ 0.8	+14.4	6.1	16,056,407[2]	115[2]	9.84	10.9	+3.4	+ 6.9

U.S. Merchandising [illegible] *Stock/Cars catalog sales [illegible] Chain Store Age research/annual reports

Venture and Jamesway keep getting better; Caldor, Gold Circle struggle

Company	% Change Sales	% Change Op. Inc.	Op. Inc. % Sales	Avg. Sales Per Store	Sales Per Gross Sq. Ft.	Op. Inc. Per Gross Sq. Ft.	% Op. Inc. ROA	% Change compound Sales '82-'86	% Change compound Op. Inc./ '82-'86
Woolworth	+16.0	+84.4	3.9	$11,700,000	$163	$ 4.92	8.8	+21.1	+ 2.7
Caldor	+ 5.4	–16.7	5.3	12,688,214	135	7.15	14.1	+11.1	+ 4.9
Gold Circle	– 8.4	–18.6	3.3	12,782,000	117	3.86	8.4	+ 4.3	+ 3.4
Jamesway	+17.1	+42.6	4.7	5,412,482	110	5.37	11.7	+16.5	+16.2
Kmart[1]	+ 6.9	+23.9	6.2	16,179,705	149	9.73	18.1	+ 8.4	+ 9.2
Rose's	+18.8	+29.9	4.2	5,628,636	117	4.94	12.7	+16.3	+21.3
Target	+16.0	+12.8	7.1	10,462,000	107	13.39	14.3	+16.8	+20.6
Venture	+12.5	+37.9	7.1	17,779,528	158	11.21	16.3	+15.2	+27.8
Wal-Mart	+33.3	+46.2	6.3	11,136,000	182	16.62	21.8	+37.8	+37.1
Zayre[1]	+15.5	– 8.5	4.3	6,715,994	120	5.13	11.4	+17.2	+13.8
Composite	+12.8	+23.9	6.1	10,872,332	164	8.49	16.0	+13.9	+27.1

[1]Department stores only
Source: Chain Store Age research/annual reports



has come from its discount store division. But Wal-Mart is a company that loves to experiment, and when it hits upon a successful formula it aggressively pursues development. Its Sam's Wholesale Club division was begun as a test in 1983 with just three units. At the end of the last fiscal year there were 49 clubs in operation producing sales of $1.678 billion. Twenty new warehouses are scheduled for this year.

Wal-Mart also is expanding its dot discount drug stores, with six more units slated for this year on its base of six stores. More importantly, the Bentonville, Ark.-based retailer will experiment with a hypermarket concept.

Two hypermarkets will open as a joint venture with Cullum Cos. and two will be opened independently by Wal-Mart. Hypermarkets have the potential for sales in excess of $50 million per unit, thus giving Wal-Mart another strong growth vehicle if they prove successful.

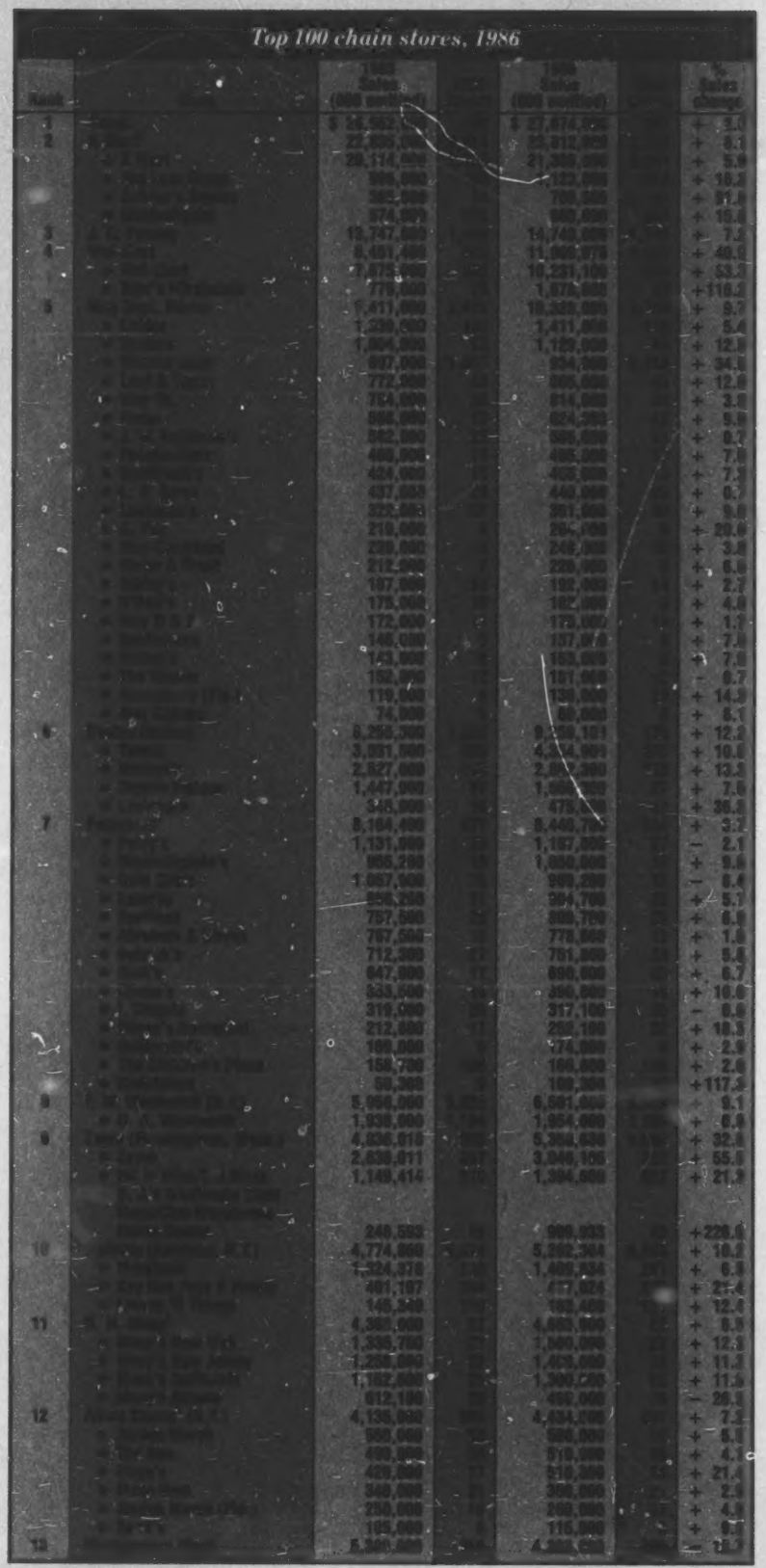
May Dept. Stores went from eighth to fifth by virtue of its acquisition last year of Associated Dry Goods.

Zayre keeps moving up. Ranked fourteenth a year ago, and seventeenth in 1982, Zayre is now ninth on the list. For the first time The Limited has entered the ranks of the Top 15.

As a group, the Top 15 had a strong year. Sales for the group increased 8.9% over a year ago while earnings jumped 13.1%. Earnings to sales went from 3.2% to 3.4%.

Department stores as a group rebounded smartly from what can only be described as a disappointing year in 1985. In year-to-year com-

Top 100 chain stores, 1986



parisons of key financial yardsticks assembled by *Chain Store Age*, department stores as a class posted higher results.

(The nine yardsticks *CSA* uses measure not only year-to-year performance but also long term sales and operating earnings growth. On a year-to-year basis *CSA* measures sales and operating earnings gains, operating earnings as a percent of sales, average store sales, sales and operating income per average gross square foot, and operating earnings return on end of year total assets. To guage long term performance, compound growth rates are computed for sales and operating earnings for the time period 1982-86.

Whenever possible, *CSA* uses figures that represent the different formats of retailing within diversified companies. For example, only department store results are included in the Federated analysis appearing in the department store chart. Only Gold Circle's results are included in the discount store chart.)

It is hard to find any chinks in the armor surrounding Dillard's. Despite tackling what for many companies would have been an overwhelming burden of acquisitions over the last two years, Dillard's continues to excel. But there is still room for improved performance.

Dillard's average store sales of just over $17 million is much lower than the average department store. To some extent that figure is a captive of Dillard's past when it grew up in small towns throughout the Southwest. But as Wal-Mart has shown in the discount store field, small stores in small towns does not mean that sales results need be small. Wal-Mart's average store sales exceed the discount store industry's. And the discounter's sales per gross square foot lead the segment, while Dillard's brings up the rear in the department store field.

Dayton Hudson's department stores broke the $200 sales per square foot sales barrier last year, the first major department store chain to achieve that plateau.

Consolidation of the Dayton and Hudson units appears to be paying off as operating expense rates improved, as did gross margins. Dayton Hudson's commitment to the department store field seems firm with the remodeling of 10 Hudson's stores and three Dayton's this year, more remodelings in any prior year.

May Dept. Stores has worked

Top 100 chain stores, 1986

Rank	Store	1985 Sales (000 omitted)	1985 Stores	1986 Sales (000 omitted)	1986 Stores	% Sales change
14	Carter Hawley Hale* (L.A.)	$ 3,977,913	302	$ 4,089,794	304	+ 2.8
	• Broadway Sc. Calif.	1,000,000	41	1,050,000	43	+ 5.0
	• Neiman-Marcus	660,000	22	660,000	22	NC
	• Emporium Capwell	800,000	22	795,000	23	+ 2.2
	• Weinstock's	270,000	12	275,000	12	+ 1.9
	• The Bridges	270,000	28	270,000	28	NC
	• Broadway Southwest	200,000	12	215,000	13	+ 7.5
	• Contempo Casuals	195,000	135	120,000	105	+ 13.2
	• Emporium Downtown	180,000	1	110,000	1	+ 10.0
15	The Limited (Columbus)	2,387,110	2,350	3,142,000	2,662	+ 31.7
16	Tandy Corp. (Fort Worth)	2,585,000	7,004	3,035,000	7,132	+ 17.0
17	The Price Club (San Diego)	1,000,000	21	2,000,553	25	+ 41.3
18	Service Merchandise (Nashville)	2,224,000	368	2,527,300	373	+ 12.6
19	SAFEWAY (Louisville)	2,174,354	134	2,471,354	167	+ 13.7
	• Safeway	996,000	41	1,140,000	44	+ 14.5
	• Marshall Field	790,000	21	905,000	23	+ 14.6
	• Ivey's	237,000	24	260,000	26	+ 9.7
	• Dominick's	150,000	17	170,000	17	+ 1.2
20	Toys "R" Us (Rochelle Park, N.J.)	1,078,134	273	2,444,903	342	+ 23.7
21	Best Products (Richmond, Va.)	2,234,700	213	2,142,110	194	– 6.4
22	Belk (Charlotte, N.C.)	1,950,000	300	2,115,000	308	+ 8.5
23	Wetterau* (H.Y.)	1,800,030	90	2,020,252	82	+ 7.9
	• Gateway	315,000	11	340,000	12	+ 7.9
	• Multiple's	225,000	9	235,000	9	+ 9.2
	• Jones	195,000	7	210,000	8	+ 7.7
	• Cooper Snell	195,000	11	205,000	11	+ 5.1
	• Jewel	185,000	11	190,000	11	+ 2.7
	• Sayers/Montgomery Fair	150,000	5	155,000	5	+ 3.3
	• Bruno's	140,000	6	150,000	6	+ 7.1
	• J. B. White	130,000	7	135,000	7	+ 3.8
	• Lion	110,000	5	120,000	5	+ 9.1
24	Brunos (Birmingham, Miss.)	1,020,057	150	1,073,005	162	+ 15.8
25	Dillard's (Little Rock)	1,001,357	101	1,051,423	110	+ 15.0
26	Fred Meyer (Portland)	1,583,700	94	1,660,200	94	+ 5.3
27	Nordstrom's (Seattle)	1,301,057	52	1,629,010	53	+ 25.2
28	Ames (Rocky Hill, Conn.)	821,005	100	1,512,740	450	+ 84.0
29	U. S. Shoe Corp. (Cincinnati)	1,314,010	2,047	1,400,205	2,207	+ 10.3
30	SCOA (Hills) (Canton, Mass.)	1,213,700	125	1,343,100	130	+ 10.7
31	Meijer (Grand Rapids)	1,240,000	35	1,300,000	38	+ 8.3
32	Dylex-U. S. (Toronto)	1,002,000	2,000	1,200,000	2,022	+ 11.7
33	Ross's (Henderson, N.C.)	1,000,200	204	1,100,041	222	+ 10.0
34	Pathmark (Secaucus, N.J.)	1,100,040	1,345	1,100,301	1,474	+ 3.2
35	McCrory (H.Y.)	004,000	720	1,003,000	1,220	+ 01.4
36	Circuit City (Richmond)	705,000	00	1,010,002	07	+ 43.4
37	Shopko (Green Bay)	754,000	50	015,400	00	+ 21.3
38	Edison Bros. (St. Louis)	000,300	2,000	004,200	2,475	+ 11.0
39	The Gap (San Bruno, Calif.)	047,333	040	040,000	724	+ 31.0
40	Carson Pirie Scott (Chicago)	705,011	20	701,707	20	+ 11.0
41	Costco (Seattle)	300,000	10	747,000	20	+104.1
42	Strawbridge & Clothier* (Philadelphia)	000,020	00	734,117	00	+ 7.0
	• Clover	275,000	20	200,000	21	+ 0.1
43	Fedco (Santa Fe Springs, Calif.)	015,000	0	035,000	0	+ 3.3
44	Cutty Wood (Ames, Mass.)	513,140	110	020,034	130	+ 22.0
45	Jamesway (Secaucus, N.J.)	523,140	01	012,302	104	+ 17.1
46	Bergenbrunig (Denver)	275,100	10	002,700	20	+110.1
47	Hagstrom (Taylor, Mich.)	020,000	02	000,000	00	+ 15.4
48	Hanan's (Carteret, N.J.)	420,000	131	000,000	200	+ 42.0
49	Marianos (Chicago)	034,000	007	575,100	000	– 0.1
50	Stone's (Charleston, W. Va.)	023,000	100	000,000	100	+ 0.2
51	Miller Gregory (Huntsville, Ala.)	004,437	1,270	004,702	1,000	– 3.4
52	Service (Pittsburgh)	010,020	122	004,021	00	+ 0.7
53	Ames Stores	370,000	107	534,000	140	+ 42.0
54	Checkers Drive-In (Rancho, Pa.)	001,200	000	021,234	070	+ 33.2
55	Alexander's (H.Y.)	020,045	10	020,120	14	NC
56	Pamida (Omaha)	475,100	100	503,000	107	+ 0.0
57	Ames (Mt. Laurel)	401,700	240	400,324	201	+ 7.0

hard to integrate the ADG units with apparently sound results. Though most yardsticks dipped in comparison to a year ago, the slippages were small.

On the discount store side, May's Venture division pulled even with Dayton Hudson's Target in the important ratio of operating earnings to sales. Of course, Target was absorbing the opening of 21 stores, compared to Venture's addition of just three, and the opening of its fifth distribution center.

Still, Venture has a lot to be proud of. Its average store sales are second only to Target and the gap is narrowing. Last year it closed the gap by some 30%. Operating income per gross square foot also drew closer. And Venture topped Target in operating income return on total assets.

Bradlees achieved a solid rebound, though its operating income of $56.6 million is still considerably below the high water mark of $85.2 million recorded in 1984.

Rose's continues to make progress, though it still is below average in sales per store, sales per square foot and operating income per square foot.

Two Northeast chains, Zayre and Caldor, failed to turn higher sales into greater profits. Their slumps negatively impacted year-to-year comparisons.

The Top 100 chains increased their store count by 9.9% and their sales by 12.9%. The sales volume topped the $200 billion level for the first time.

Warehouse wholesale clubs have become a bigger portion of the Top 100 sales pie. With 3.8% of total sales, the clubs tripled their representation of a year ago.

Hard lines specialty stores accounted for just 6.7% of the Top 100 volume, compared to 8.7% last year.

Similar to last year, the leading discount stores made up the largest portion of the pie with 27.3%, followed by the Sears-Penney-Ward group with 21.4%, and department stores with 20.9%.

In the last year retailing has lost numerous venerable merchants, including Associated Dry Goods, Gimbel's, T. G. & Y., Gemco, Almy's, Howard Bros., and Ohrbach's.

As the pace of retailing accelerates, more old-time names are bound to join the list of the departed, even as new nameplates are added. □

Top 100 chain stores, 1986

Rank	Store	1985 Sales ($000 omitted)	1985 Stores	1986 Sales ($000 omitted)	1986 Stores	% Sales change
50	Woodward & Lothrop (Washington, D.C.)	$ 470,403	10	$ 498,726	11	+ 5.6
60	Family Dollar (Charlotte, N.C.)	419,068	925	487,734	1,107	+ 16.4
60	General Mills (Minneapolis)	373,000	111	474,300	132	+ 26.9
61	Federated Group (City of Commerce, Calif.)	383,633	99	436,290	95	+ 13.7
62	J. C. Penney (Dallas)	415,932	276	411,330	264	– 1.1
63	Consolidated Stores (Columbus)	181,199	118	397,200	210	+119.2
64	Wagner's (Peoria, Ill.)	362,000	31	386,000	32	+ 10.5
65	Burlington Coat Factory (Burlington, N.J.)	343,113	74	381,702	81	+ 11.5
66	Toys-R-Us (Dayton)	362,163	232	360,000	253	+ 8.1
67	Supermarket Stores (Cleveland)	330,162	62	279,616	61	+ 12.6
68	Rose's (Allentown, Pa.)	330,700	40	367,300	41	+ 11.1
69	Crazy Eddie (Roosevelt, N.Y.)	282,300	20	382,400	21	+ 34.4
70	Dillon Companies (Hutchinson, Kan.)	362,365	140	344,439	135	– 5.0
71	Fingo (Poughkeepsie) (Green Bay)	298,000	81	339,000	105	+ 14.0
72	McRae's (Jackson, Miss.)	199,000	12	331,000	20	+ 66.3
73	Ingles (Asheville, Tenn.)	339,812	141	325,441	140	– 4.2
74	Gerland's (Houston)	312,281	200	322,900	210	+ 3.4
75	S. E. Nichols (N.Y.)	300,000	44	310,000	45	+ 2.9
76	Mayo of Fabrics (Van Nuys, Calif.)	286,743	135	318,366	167	+ 19.0
77	Jacobson Stores (Jackson, Mich.)	275,638	22	309,400	23	+ 12.2
78	STARCC (Tulsa)	288,000	200	307,000	220	+ 6.6
79	Pic 'N Save (L.A.)	278,872	94	300,548	101	+ 9.9
80	Western Auto (Kansas City)	249,249	213	303,007	260	+ 21.6
81	Kroger (Cincinnati)	240,000	6	300,000	7	+ 25.0
82	Higbee (Cleveland)	280,778	13	299,848	13	+ 6.8
83	Spencer Gifts (Pleasantville, N.J.)	291,272	467	299,624	542	+ 2.7
84	Ann's (Brookfield, Mass.)	290,000	36	299,000	40	+ 7.6
85	Jewel Leisure (Philadelphia)	246,676	96	282,057	96	+ 14.3
86	Boscov's (Reading, Pa.)	290,000	13	299,000	17	+ 12.0
87	Frotter (Lewis, Mich.)	214,295	36	272,500	40	+ 27.2
88	D. H. Holmes (New Orleans)	272,819	12	270,434	12	– 0.9
89	Pier 1 Imports (San Francisco)	283,930	300	261,431	302	+ 28.2
90	Supermarket Wholesale Warehouse (Baton Rouge)	76,000	6	254,200	21	+234.5
91	J C Industries (Norwood)	228,000	14	252,000	14	+ 10.5
92	Liberty House (Honolulu)	228,822	16	250,496	16	+ 9.5
93	J. Alexander (N.Y.)	240,000	7	240,000	8	N/C
94	Best Buy (Bloomington, Minn.)	113,100	12	239,000	25	+111.4
95	Bon Ton (Cleveland)	233,163	170	238,352	180	+ 2.7
96	Supermarkets Distrib.-U. S. (Milford, N.J.)	229,000	43	236,000	39	+ 4.4
97	Joseph Horne (Pittsburgh)	202,000	13	228,000	14	+ 12.9
98	Parisian (Birmingham, Ala.)	184,400	13	226,400	16	+ 22.8
99	Hutchinson/Maison Blanche (Baton Rouge)	216,000	7	224,140	7	+ 3.8
100	Spiegel (N.Y.)	215,000	16	223,000	17	+ 3.7
	Totals	$186,217,166	28,122	$200,874,915	31,230	+ 12.9

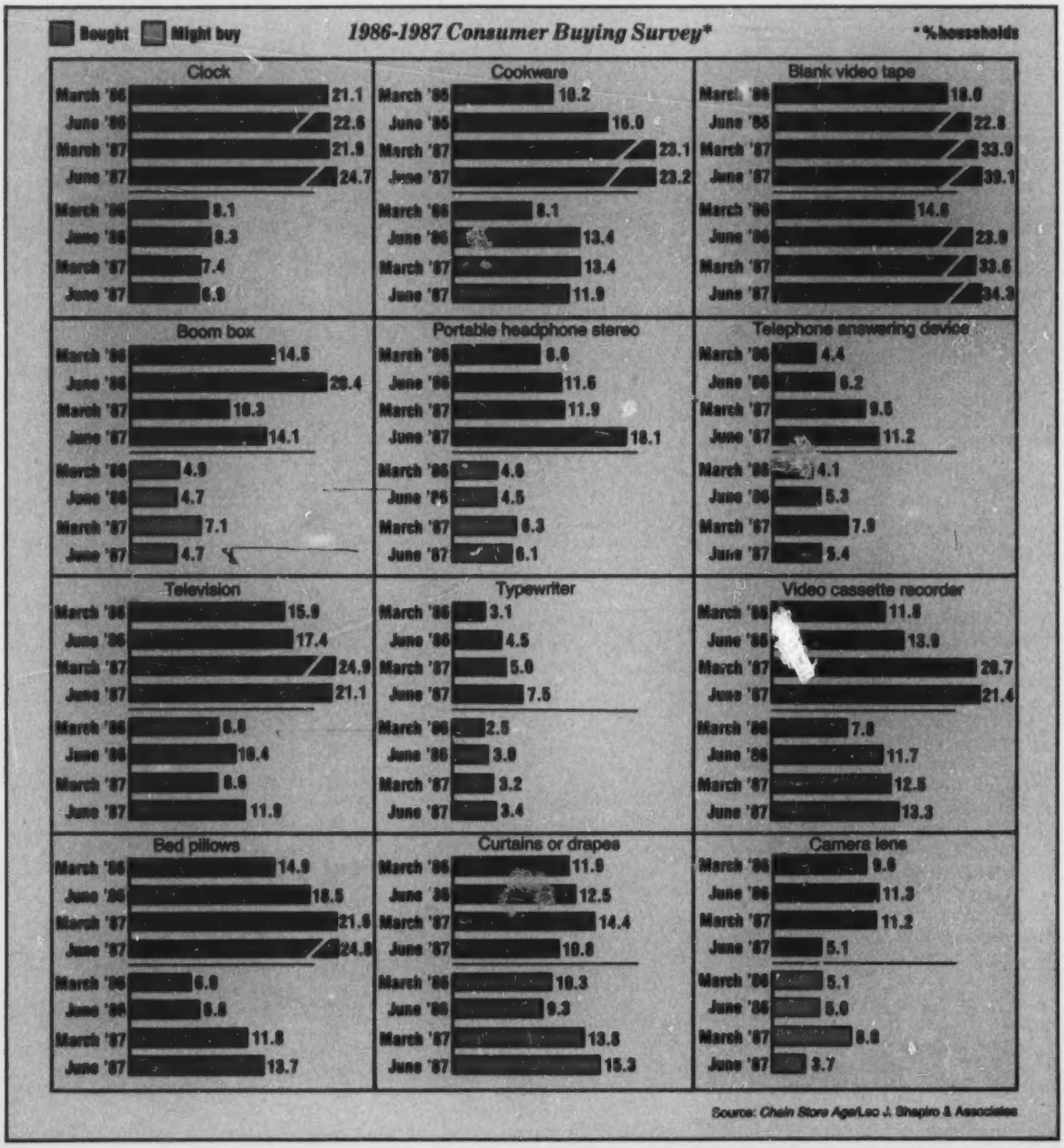
Divisional sales are not duplicated in the tabulation of general merchandise chain totals.
[1]Divisional sales estimated [2]Excludes food/supermarket sales
Source: *Chain Store Age* research/annual reports.

Spending plans on a slow rebound

According to the latest *Chain Store Age* MarkeTrends nationwide telephone survey, the best that can be said about the sales outlook for the rest of 1987 is that results will be mixed. Compared to readings from the poll conducted three months ago, five of the 12 products tracked in the current survey are recording decreases in consumer buying intentions.

However, even those lackluster results can be interpreted as a modest upswing in the customer's buying plans. In both the April and May MarkeTrends polls, the 451 survey families had trimmed back buying plans for a commanding majority of the products in each of those studies.

Still, a too positive reading of the results would probably prove overly optimistic and would result in serious overstocks before long. Fewer MarkeTrends families now say that they expect to buy a number of high volume categories, including cookware, camera lenses, telephone answering devices, portable headphone audio and boom boxes than reported they would in the March



Source: *Chain Store Age*/Leo J. Shapiro & Associates

Fewer customers plan to buy a boom box than they did only three months ago.

1987 survey.

According to the latest research, cookware unit sales have the potential to drop 11% this year. Clocks could fall off 17% in 1987 if the MarkeTrends families follow through on their plans. The best that can be said for boom boxes is that buying intentions are running equal to last year's survey results.

One of the biggest potential losers, according to the MarkeTrends poll, are camera lenses. Compared to last year, 55% fewer MarkeTrends families say that they expect to buy a camera lens in 1987.

And even some of the product categories showing increases in customer buying plans are recording small gains, at best. For example, based on the most recent MarkeTrends research, video cassette recorder unit sales this year will top 1986 volume by about only 14%.

Though below the brisk pace set over the last five years, the projected 14% gain for VCRs will come as good news after several months in the first half of 1987 when unit sales were running below last year's pace.

Televisions, according to the latest polling, will show a 15% unit sales gain over last year. Typewriters will post a 13% increase, say families in the current MarkeTrends survey.

Surprisingly, the MarkeTrends families are showing some renewed interest in buying portable headphone audio. Though purchase intentions seem to have peaked in March, the latest reading still presages a 36% potential gain over last year's results. Considering the general softness in the customer's buying plans, however, a gain of that magnitude seems unlikely.

The only department on the clear upswing is home textiles. The textile products in this month's poll—bed pillows and curtains—are posting gains that are outpacing results from both three months and a year ago. □

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THE "TRUTH" ABOUT BLANK VCR TAPE

Customers are proving that some of the most widely held assumptions about the industry—quality grades, store destinations and brand names—prove to be false.

What do these four statements have in common? The better educated and higher income shopper is more likely to understand the difference between high grade video tapes and regular video tapes. The upscale customer is more likely to shop for video tape at an electronics superstore. The specialty store customer will buy more tapes than the discount store shopper. Customers view all brands of tape as the same.

What the four statements have in common is that none of them is true. The latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll indicates that these and many other of the most widely held assumptions about the blank video tape market are, quite simply, false.

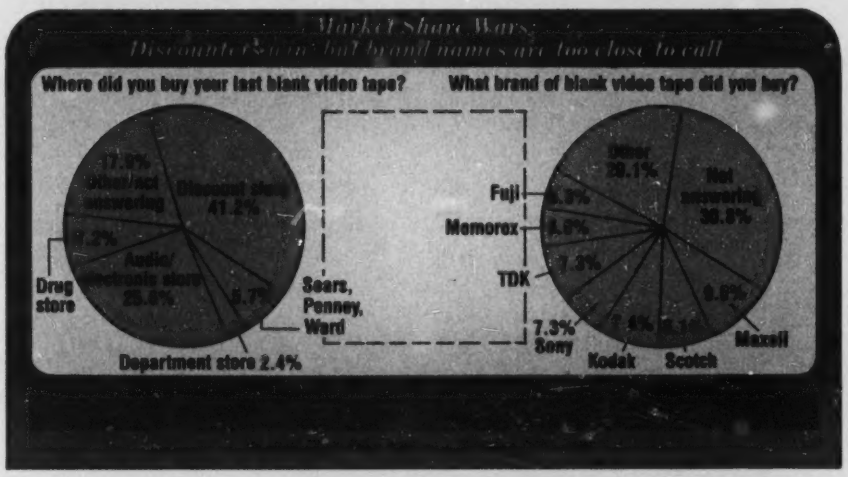
Instead, the opposite of each of these statements is true. According to the MarkeTrends poll, upscale customers are less likely to think there really is a difference—other than price—between various supergrades and regular grades of video tape.

Similarly, the upscale customer is more likely to shop for video tape at a discount store rather than at one of the electronics specialists. And the discount store shopper, according to the survey, is more prone to buying tape in multipacks than is his specialty store cousin.

Where they shop: In fact, the blank video tape market can best be characterized not by who shops for tape, but by where they shop. The market is rapidly dividing into two very different types of customers: the discount store shopper and everyone else.

Discount stores now thoroughly dominate the market for blank video tape as never before. When asked where they bought their last video tape, 41.2% of the MarkeTrends families name a discount store. K mart alone is cited by 13.3% of the survey households.

Audio/video outlets sell to 25.6% of the MarkeTrends families. Sears, Penney and Ward combined are named by 5.7% in the poll, while a department store is cited by 2.4%. Drug stores got the last video tape buy from 7.2% in the MarkeTrends poll.



The people who shop at discount stores, according to the MarkeTrends survey, are different—both in demographic characteristics and in shopping habits—from those who buy blank video tape at other types of outlets.

For one, discount store shoppers buy more tapes at one time and tend to pay less per tape than the audio/electronics specialty store customer. The last time out, 74% of the discount store shoppers bought two or more tapes on the same shopping trip. For customers at the audio/video outlets, less than half (49%) say that they purchased more than one tape.

And the discount store shopper is also more likely to have bought his last blank video tape while it was on sale. Fifty-nine percent of the discount store customers report that their last buy was at a sale price. Only 39% of the specialty store shoppers in the MarkeTrends survey say that they bought video tape that was on sale.

From what the MarkeTrends families say that they paid for their last tape, it looks like they got a bargain. On the average, discount store shoppers report paying $4.90 per tape. Those who bought at one of the electronics specialists say that they paid an average $6.30.

The discount store shopper is also more likely to view video tape as a commodity purchase. According to the MarkeTrends poll, discount store customers are slightly less likely than A-V store shoppers to have even heard of different grades of tape, for example.

In addition, they have less interest in actually paying for a higher grade tape. While the MarkeTrends

families, in general, say that they are willing to spend an average of two dollars more for a high grade tape, nearly half (47%) of discount store shoppers say that they would not pay anything extra for a super-grade tape.

Nor are discount store shoppers particularly enticed by the perceived value-added by the new T-160 length tapes. Again, half of the discount outlet customers say that they would not pay for the extra two hours of recording time that the longer tapes allow. For comparison, only 31% of audio-video store shoppers report that they think the new length is worth paying for (see related story).

No bad brands: Regardless of where they buy, customers feel pretty secure that the brand they buy will be a good one, according to the MarkeTrends poll.

When asked to name a brand of video tape that they think is not so good, a whopping 83% of the survey families are unable to come up with an answer.

Naming a good brand of tape, however, presents no such problem. About 6 out of 10 families that have bought video tape within the last year can come up with the name of a video tape brand that they like.

Topping the customer's list of best brands is Maxell, the choice of 15% of the MarkeTrends families that own a video cassette recorder. Following are Sony (13.5%), Kodak (11.7%), Scotch (10.7%), Polaroid (9%), Memorex (8.2%) and TDK (7.8%).

Also receiving mentions as the best brand of video tape are Panasonic (5.3%), RCA (4.5%), Fuji (3.7%), BASF (3.4%) and JVC (2.4%).

The rankings for best brands just about perfectly mirrors the list customers give when asked to name the last tape they bought (see chart).

End use: Interestingly, what seems to be influencing where the MarkeTrends families buy tape is how they use the video tape once they get it home. On the average, discount store shoppers record over 14 hours of programming off the television every month. Those who bought at electronics specialty stores recorded about one-third less, or ten hours, according to the survey.

Though discount store customers record more, they are no more likely than the audio/video store shopper to have created a video library of tapes that they expect to keep for future viewing.

Just over half of each group reports that they will keep part of their tapes as part of a semi-permanent video collection.

Demographically, the person who buys blank video tapes at a discount store is somewhat older, has a higher income and is more likely to be a professional than the customer at an audio/electronics store. □

Audio/video specialty stores sell to 25.6% of the MarkeTrends families.

Consumers say T-160 tape no bargain

K mart did it with photographic film. Now the same trick is being tried with blank video tape. What K mart did, along with supplier Agfa-Gevaert, was to offer 27-frame private label, color film at the same price as the usual 24-frames.

Customers who buy the film and return it to K mart for processing also receive the three extra prints for free. According to the film manufacturer, the program is a raging success.

BASF, one of those marketing T-160 size tape, which can record up to eight hours of programming instead of the usual six, is reporting similar success in trying to add value in the rebate-plagued, commodity-driven blank tape business.

Does the customer really view the few extra meters of tape as a value added? The latest MarkeTrends poll gives no conclusive answer.

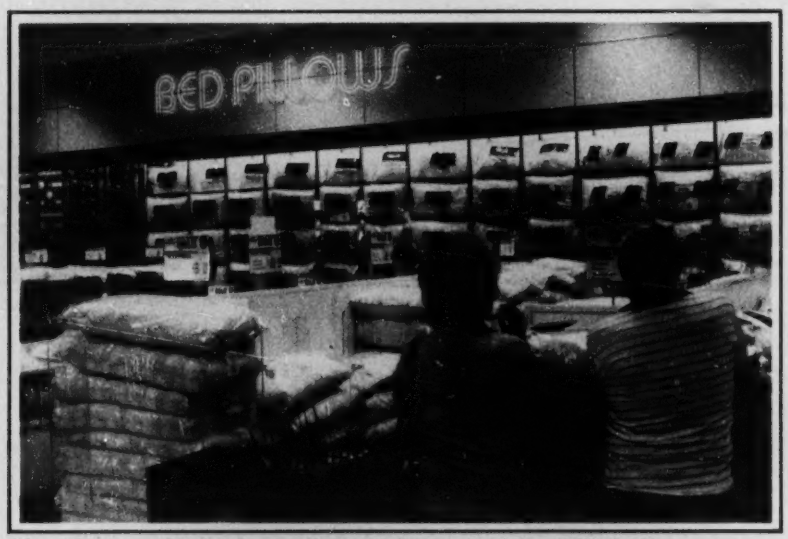
Only slightly more than half of the MarkeTrends families that own a video cassette recorder say that they would pay for two extra hours of recording time. For the half who would not pay for the extra recording time, it is a good assumption that they do not perceive T-160 tape as worth more than any other.

For the other half—those MarkeTrends families that do think the extra tape is worth something—the marketing ploy might provide a good reason to switch tape brands. The average price they would pay, and the presumed extra value of the tape, is $2.42, according to the survey.

DOWNMARKET CONSUMERS WANT DOWN

PILLOWS

Once considered an upmarket item only, down-filled pillows have crossed the income boundery. Upscale consumers still want down primarily, but are considering synthetics.



***More than one-third** of those polled said they wanted down-filled pillows.*

Down-filled pillows have gone downmarket. When consumers are given a list of pillow fills to choose from, down prevails, largely because it has won a mass audience.

That is among the results of a recent *Chain Store Age* MarkeTrends survey probing consumer buying intentions for bed and decorative pillows.

Bed pillows: Overall, more than one-third (34.3%) of those polled said they would want their bed pillow to be filled with down. In No. 2 position was foam rubber, named by 23.2%.

A combination of feathers and down appealed to about one-fifth of the sample. The dilution of down with feathers lowers the price point and may appeal to the budget-conscious down lover.

Slightly less than 14% said they would want a synthetic other than foam rubber. Included in that category are Du Pont's Hollofil, Quallofil, and the chemical company's newest entrant, Quallofirm.

A small portion, 4.5%, wanted all feathers, and 3.2% had no answer.

When the sample is broken down by household earning power, it becomes evident that down owes much of its favored status to low income groups. For example, households taking in between $15,000 and $20,000 a year comprise 12.7% of those polled, but 13.9% of those preferring down.

By contrast, households with an annual income between $20,000 and $30,000 account for 27.4% of the total sample, but only 23.2% of those wanting down.

In the higher income brackets, down loses some votes to non-foam synthetics (Quallofil, etc.), which are well received by the upmarket, according to the survey.

Interest in down needs stimulation if it is to translate into sales. Consumers preferring down pillows are a bit less certain about their next-year purchasing plans than is the sample as a whole.

Of all those polled, 5.7% said they would definitely buy a bed pillow over the next 12 months, while 11.9% thought they probably would. Slightly more than one-fifth rated their chances as "maybe."

The segment wanting down showed a greater tendency to rate their next-year chances as probable, rather than definite.

Consumers are aware that down is far more expensive than other fills. Shoppers preferring down tended to anticipate spending between $15 and $39.99 for one pillow. Thirty-seven percent named prices in that range, while nearly 17% were braced to pay more than $50.

That result would not surprise Norman Canty, dmm at Marshall Field's, where the best-selling pillow is a down-filled product regularly ticketed $100, with a sale price of $79.99.

At Cincinatti-based Lazarus, where down accounts for most of the growth in the pillow category, dmm Jim Berutti says the customer wants "a completely natural, completely down pillow with a heavier weight cotton cover that has good eye appeal at the counter."

Pillows must be advertised continually, Berutti says, because consumers have to be stimulated to replace their old ones. At Lazarus, shoppers tend to go for medium to high price points. Most business is done at $49 for a standard size pillow.

For synthetic pillows, price expectations deflate, the survey found. Nearly half the consumers preferring foam expect to pay no more than $10.99 per pillow; in fact, 23.1% would balk at spending more than $9.99.

Non-foam synthetics generate

slightly higher expectations, with the bulk of the price mentions spread between $10 and $24.99.

Quallofil, a famous name among non-foam synthetics, was joined recently by Quallofirm, a denser fill. Du Pont last month briefly offered a rebate on the products, which have been saled as low as $9.99 each at Caldor.

"Two-fer" sales are a natural in this category. The survey found 4 out of 5 shoppers planning to buy more than one pillow at a time.

Like department stores, Sears and Penney carry high-end down pillows. That, undoubtedly, boosted the Big 3's store-preference votes. Nearly 28% of those surveyed said that if they were going to buy a pillow, they would get it at Sears, Penney or Ward.

Department stores tied with the Big 3, while discount stores lagged with 22% of the mentions. About 6% of the sample named other types of stores, and another 17% had no answer.

In choosing a store, many shoppers may be influenced by the availability of pillows in king and queen sizes. Less than half (47.8%) of those polled plan to buy a standard pillow, with nearly 30% wanting queen and 21% looking for king. Having no answer to the size query were 2%.

Consumers preferring down were even more likely to want sizes other than standard.

Pillows designed to relieve pain in the upper back or neck received a warm reception from the sample. Slightly less than 13% rated themselves as very interested, while 24.1% are somewhat interested.

A narrow majority of consumers (50.4%) want a firm, rather than a soft, pillow. Surprisingly, even consumers looking for down are likely to prefer firmness.

Decorative pillows: Most pillows used for decoration will end up on a couch. Asked where they would put a throw pillow if they were to buy one, over two-thirds of those polled mentioned a couch.

The second most popular destination is the bedroom. Slightly more than 1 out of 5 households are interested in decking their beds with scatter pillows.

While most consumers (51%) would select a solid, a significant 37.1% want their pillow to have a pattern or design. About 12% had no answer.

Buyers at Los Angeles-based Bullock's and New York-based B. Altman have noted the trend toward patterned and novelty pillows.

When respondents preferring solids were asked to name a color, brown tones triumphed. Cited either as brown, tan, beige, or earth tone, this family of colors copped 16.4% of the mentions. That gave the brown group a narrow lead over blue, mentioned by 15.6%.

All-cotton dominated other fabric choices, getting the nod from 42.3% of the sample. Nearly 1 out of 5 consumers would prefer a synthetic, while velvet made a strong showing, garnering almost 16% of the mentions.

Chintz, which has performed well for many retailers, was named by only 5.6%. It is possible, however, that many shoppers cannot associate the look with the name.

Satin, linen, lace and other fabrics were mentioned by only a tiny portion of those polled, while 14.4% had no idea what fabric they wanted.

"Be square" is the rule in shape selections. More than 3 out of 5 shoppers want a square pillow, compared to 1 out of 5 preferring round. Other shapes got only a sprinkling of mentions, and 15% of those polled declined to answer this question.

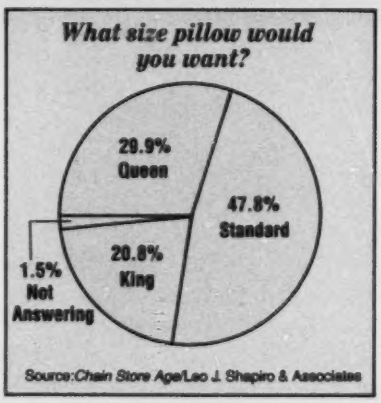
Price expectations ran the gamut. A significant chunk of consumers, 15.4%, anticipate paying between $10 and $10.99. But a good portion expect to spend quite a bit more. Twenty-three percent named prices between $15 and $29.99, and more than 7% would not balk at $30 or more.

Store-preference votes corresponded closely to the spread of price expectations. Discounters, department stores, and the Sears-Penney-Ward group ranked about equally in consumers' shopping plans. Each of these three trade classes would get about one-fifth of the deocrative pillow business, according to the survey.

Specialty stores are on the minds of about 4.3%, while many other store types got a smattering of mentions. One-fifth of the sample could not say where they would look for a decorative pillow.

Buying intention was soft, with only 2.9% definitely planning a purchase of this item over the next 12 months. Browsers are more common: 9% rated their chances of a next-year purchase as probable, and the maybe's totalled 22.3%. □

***"Be square" is the rule** in shape selections of decorative pillows.*



SETS EMERGE VICTORIOUS IN CUTLERY

Ease of sharpening is a high rated concern in addition to consumers' desire to purchase knives by the set. Retailer and vendor reports confirm the study's results.

Today's kitchen cutlery market is shaping up as a set oriented business where consumer interest is high in knives that need little or no sharpening.

Some 52% of consumers canvassed in *Chain Store Age's* Marketrends study prefer to buy their knives in sets, as opposed to 45% who want individual pieces. By the same token, the study made by Leo J. Shapiro & Associates shows that 58% of the consumers rate ease of sharpening a very important feature, while 55% are very interested in a knife that is designed to never need sharpening. Only 4% of the respondents say the sharpening aspect is not at all important to them.

Sets consisting of four, five or six knives are most preferred by consumers, the survey shows. Thirty-seven percent of the respondents say they want 6-knife sets, while 14% favor 4-knife sets and 13%, 5-knife sets. While 12% of the consumers like 8-knife sets, no other size appeared on want lists of any more than 6% of the households canvassed.

As for price, the largest number of consumers answering—13%—expect to pay $20 to $24.99 for the set they want. Ten percent expect to pay $30 to $34.99; 8% expect to pay $35 to $39.99, and another 8% will go to $50 to $59.99 for a set. Twenty percent of the respondents do not give a price preference.

Reports from retailers and cutlery suppliers parallel the MarkeTrends study closely.

A Midwestern department store finds sets capturing about 60% of its kitchen cutlery business. The dmm there concedes the figure might be above the industry norm because of the heavy emphasis his operation gives sets in promotions. His best seller has been a 6-piece set with knife block at $20.

A major catalog showroom operation carries 14 different knife block sets, ranging in size from 3 to 15 pieces. An executive there notes that the bulk of the volume, however, is in 5-, 6-, and 7-piece sets from $20 to $40. Sets, he adds, are especially large sellers during key gift seasons.

Lifetime sets are good for Sue Goddard, buyer at Harvey's, Nashville, Tenn. Particularly active are 13-piece sets at $19.99.

Thirteen-piece sets which also include knife block, steak knives, and sharpening steel, are popular at about $35 at another catalog showroom operation. It is also doing well with 6- and 7-piece sets on special at $15 and $16.

On the manufacturer level, Jay Siegel, executive vp at Lifetime Cutlery Corp., pegs set sales at 55% of the total industry cutlery sales. He concedes, though, that sets represent a larger percentage of his company's total volume since 70% of its line is comprised of these compositions. For the same reason, sets are 82% percent of Washington Forge's business, says senior vp of sales and marketing Richard Murphy.

Because sets are such popular gifts, Jay Cotler, Regent-Sheffield vp, says they represent 60% of his company's business.

Consumers canvassed in the report, however, show little inclination for buying cutlery as gifts. Some 93% say they will probably

Some 93% of shoppers say they will probably buy knives for personal use, not gifts.

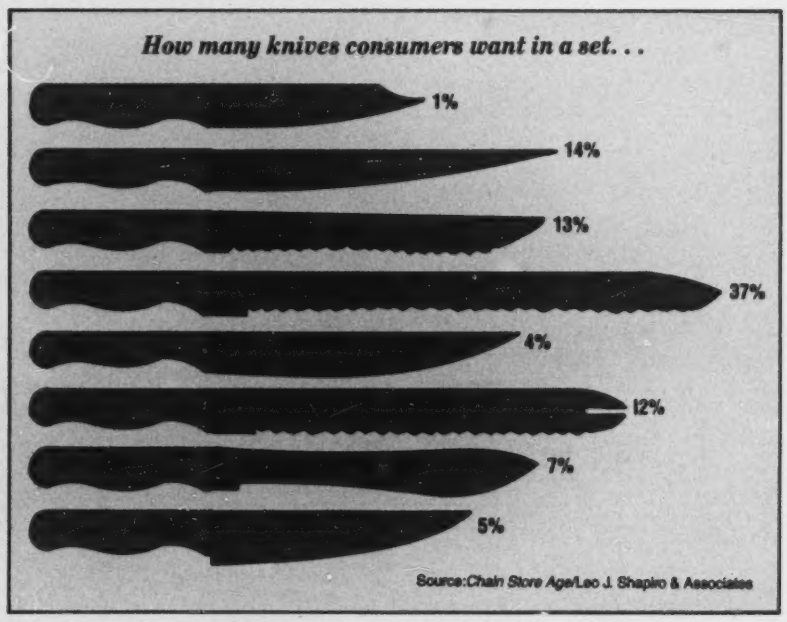
buy knives for their own household in the coming 12 months, while only 4% contend they will most likely buy knives as a gift in the coming year.

With consumer interest in ease of sharpening high, it is not surprising that the feature is proving to be a key selling point for many firms.

A 3-piece set of self-sharpening knives from Wiltshire at $20, for example, has been a hot property at Consumers Distributing, the New Jersey-based catalog showroom chain, says vp and hard lines gmm Gary Shearer.

Harvey's Goddard experienced a 60% sell-through of a Wiltshire promotion in December.

Both Regent-Sheffield and Washington Forge have lines that are said to never need sharpening, while Wiltshire and Wilkinson Sword are key players in the self-sharpening field. Wilkinson Sword enjoyed a good reception at the April House-



wares show to its new 9-unit line retailing from $10.99 to $59.99.

Jim Stathis, Imperial Schrade national sales manager, acknowledges that his firm is looking at self-sharpening, but adds, "That's down the road." Washington Forge's Murphy agrees that self-sharpening is a "great hook," but says the company is going slow here because of uncertainties created by the Wilkinson-Wiltshire litigation.

The importance of knives that never need sharpening or are self-sharpening in the marketplace is underscored by figures in the *CSA/*-Shapiro study that show some 63% of the consumers polled sharpen their knives. Surprisingly enough, 28% use stones for the chore, while 18% use an electric appliance and 13% a steel.

Satisfaction with electric knife sharpeners appears to be somewhat greater than with other methods with 79% owners saying they would stay with electric models if they were to get another sharpener. Among those using the stone method, 55% say they will buy stones again, while 42% of people using steels will go with them again. Among respondents who do not currently sharpen their knives, 44% will want an electric sharpener that also does other things, 18% want an appliance that only sharpens knives; 16% want stones, and 8% steels. If they were to buy another knife sharpener, 36% percent of the consumers polled say that it will be an electric appliance that sharpens knives and performs other functions such as opening cans, while 14% prefer an electric appliance that only sharpens knives.

In the main, consumers expect to pay from $15 to $30 for an electric knife sharpener.

Still, a major Midwestern department store has found that high-end knife sharpeners are viable. The dmm there reports good sales in Edgecraft's ChefsChoice, which carries a suggested $79.95 retail.

Despite the fascination with sharpening, there are other features that the consumer deems important in determining cutlery purchases.

Some 81% of the respondents, for instance, want knives with wood handles.

A handle that is easy to grip is considered very important by some 66% of the respondents, while 5% do not consider it important at all.

The weight distribution and the balance of the knife is less of a concern to consumers. Only 39% of the reporting consumers consider this feature very important.

Similarly, consumers seem to be mildly interested in knives that come in a holder that sharpens them each time they are pulled out. Some 32% of the consumers want this feature, while 18% show no interest in it at all.

From results of the study, the consumer attaches little importance to brand name when it comes to his cutlery want lists. Some 78% of the respondents do not name a brand preference. Of those that do, however, 6% name Chicago Cutlery, 3% Ekco, 2% Old Hickory and 1% Henckels. Each of the other brands named command less than 1% of the total.

In selecting their knives from open stock, the study shows, most consumers—14%—expect to pay between $10 and $10.99 for a knife, while 12% expect to pay between $5 and $6.99; 11% under $33, and 10% between $15 and $19.99.

According to the MarkeTrends study, full-line department stores are the prime beneficiaries from consumer knife purchases. Some 23% of the consumers in the survey say they prefer to and will most likely purchase cutlery, whether in sets or open stock, there. Discount stores and mass merchandisers—Sears, Penney, and Ward—are other principal channels for cutlery sales, each with an 18% share.

Of the other outlets, only 4% percent of the shoppers lean toward catalog showrooms; 7%, hardware stores; 5%, cutlery specialty shops. The picture was considerably different in electric knife sharpeners. There, only 14% of the respondents say they will likely buy sharpeners at department stores, while 18% favor discount stores, and 14% the Big 3 mass merchandisers. Hardware stores fared better here than department stores and mass merchants, with 14% of the consumers signifying an intent to buy knives there. □

Easter lays no egg, April sales up 13.7%

Good weather, an Easter that fell a month later this year, and brisk shoe and apparel sales combined to bring healthy sales increases for most retailers in April. The 19 retail companies tracked by *Chain Store Age* recorded a 13.7% sales increase for the month. At the end of the first quarter, volume is 10.8% ahead of last year's results.

However, results for the month of April appear artificially high due to the calendar shift, just as March results looked too low. The Easter holiday was later this year, falling in April, while last year it fell in March.

When the two months are combined, however, sales results still look more bullish than many industry watchers had anticipated. Despite continuing high levels of consumer debt, a weak spending spree that continued throughout the first quarter might trigger higher than expected profits for many retailers.

The outlook for improved profit performance in the first quarter is primarily the result of apparel price increases, many of which were effectively instituted during the brisk Easter holiday selling season.

Many analysts point to the price increases as one of the reasons for April's robust sales gains. The same industry watchers anticipate that the price hikes will have an equally good effect on the first quarter's bottom line.

Despite the month's generally good news, the uptick in customer buying did not cut across every class of retailer. For Sears, the nation's biggest retail chain, April sales results were surprisingly low, as comparable-store totals came in at below 2.5%, among the lowest of the major retailers.

Sears had run counter to the trend in March, too, when its sales were considerably higher than most of its competitors. Still, Sears volume has gained only 3.8% for the first quarter.

Fellow cataloger J. C. Penney, though turning in a 7.6% sales gain in April, finished the first three months in equally unspectacular form. Penney's sales for the first 13 weeks of the fiscal year are running only 3.4% ahead of last year.

The news at Montgomery Ward is considerably better. Ward sales in April jumped 14.2% and for the first quarter are up 9.1%. Ward notes that its sales increases are all the more spectacular, since they compare to a year ago, when the chain was assorting a wider variety of merchandise. Same-store results were ahead 13.3%.

Most other major retailers turned in similar double digit comparable-store results in April. Dayton Hudson same-store results were ahead 12% from the same period last year.

Wal-Mart reported comparable-store gains of 14% in April and 12% for the first quarter. Connecticut-based Ames recorded a 21.7% hike in same-store volume. For Mercantile Department Stores the jump was a more modest 13.8%.

Los Angeles-based Carter Hawley Hale recorded a 3.2% uptick in comparable-store volume. Braintree, Mass.-based Bradlees was ahead 8%.

At May Dept. Stores same-store results were below industry norms. Though its Volume Shoe division turned in same-store volume up almost 30%, the gains were more modest in other divisions.

Apparel price hikes push April results up

Major chains	April sales* % change	April sales* 1987	April sales* 1986	Stores 1987	Stores 1986	3-mo. sales* 1987	3-mo. sales* 1986	% change
Sears[1,2]	+ 2.5	$ 1,945,878	$ 1,898,900	806	799	$ 5,916,043	$ 5,699,390	+ 3.8
Penney[2]	+ 7.6	972,000	903,000	1,902	1,846	2,868,000	2,775,000	+ 3.4
Ward	+ 14.2	326,200	285,700	296	292	935,800	857,900	+ 9.1
May Dept. Stores	+ 9.0	785,800	680,200	2,805	2,465	2,296,000	2,079,500	+ 10.4
Dayton Hudson	+ 22.8	705,300	574,200	487	1,145	2,100,000	1,830,000	+ 10.4
Federated[3]	+ 8.3	631,500	583,300	507	485	1,942,500	1,838,800	+ 5.6
Carter Hawley Hale	+ 5.4	274,800	260,700	313	296	829,500	775,800	+ 6.9
Mercantile	+ 16.2	161,449	138,973	82	80	459,364	428,560	+ 7.2
Carson Pirie Scott[4]	+ 24.9	61,100	48,924	N/A	N/A	186,900	159,353	+ 17.3
K mart[2,5]	+ 11.9	1,958,439	1,749,505	2,207	2,185	5,594,003	5,119,962	+ 9.3
Wal-Mart	+ 37.4	1,201,000	874,000	1,083	922	3,212,000	2,344,000	+ 37.0
Zayre	+ 20.9	446,700	369,500	1,107	1,001	1,295,900	1,093,200	+ 18.5
Woolworth[2]	+ 20.3	332,000	276,000	N/A	N/A	935,000	880,000	+ 6.3
Ames	+ 24.5	164,400	132,100	464	453	441,900	370,800	+ 19.2
Bradlees	+ 14.3	144,000	126,000	166	156	403,000	371,000	+ 8.6
Tandy[2]	+ 8.5	242,429	223,404	N/A	N/A	678,932	609,671	+ 11.3
Circuit City	+ 48.1	78,500	53,000	87	74	221,000	153,200	+ 44.6
Federated Group	+ 4.6	27,000	25,800	55	59	86,600	87,600	– 1.1
Best Buy	+ 52.3	21,400	14,054	24	12	67,200	36,354	+ 84.8
Totals & Averages	+ 13.7	$10,479,895	$ 9,217,260	—	—	$30,469,642	$27,510,090	+ 10.8

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Domestic operations only. [3]Excludes supermarket sales. [4]Retail division only. [5]Continuing operations only. [6]Store number for K mart stores only.

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